

*Legislation would improve cost-of-living adjustment to meet seniors' needs*

Rep. Peter Welch on Monday outlined legislation that would alter the Social Security cost-of-living formula so that it more accurately tracks rising costs faced by seniors.

At a press conference at Burlington's Heineberg Senior Center, Welch addressed the likelihood that for the first time since 1975, seniors will not receive an increase in Social Security benefits in 2010. Because Medicare prescription drug premiums are deducted from Social Security payments and those will continue to rise, many Vermont seniors may, in fact, see a drop in their benefits.

Currently, Social Security cost-of-living adjustments are determined by an index based on the spending patterns of younger Americans. The bill Welch is co-sponsoring calls on the Bureau of Labor and Statistics to calculate the adjustment using an index reflecting the spending patterns of seniors, who face far higher health care costs. The legislation would result in an increase in Social Security benefits next year.

"Many Vermont seniors are already struggling to make it through these difficult economic times. To sit idly by as their benefits are reduced would be unconscionable," Welch said. "This simple change will ensure that the Social Security cost-of-living adjustment actually reflects seniors' cost-of-living."

Close to 130,000 Vermonters receive Social Security benefits. For 41 percent of Social Security recipients, this represents at least 90 percent of their income.

Cost-of-living adjustments to Social Security are currently based on the CPI-W, an index based on the spending patterns of "urban wage earners and clerical workers." However, Americans 65 and older spend twice as much on health care as the overall population, and those 75 and older spend close to three times as much. As health care costs skyrocket, Medicare Part B premiums increased four times the rate of the CPI-W.

Welch's plan would replace the CPI-W with the CPI-E, an index calculated by the Bureau of Labor and Statistics since 1983, which takes into consideration greater health care expenses and other costs borne by seniors. This index shows that seniors' expenses have increased at an average annual rate of 3.2 percent since 1982, while the CPI-W has increased at an average rate of 2.9 percent.

Welch was joined at the event by a group of Vermont seniors, Heineberg Senior Center Executive Director Gail Moreau, Vermont AARP State Director Greg Marchildon and Champlain Valley Agency on Aging Executive Director John Barbour.